

## SETTLEMENT AGREEMENT

### I. PARTIES

This Settlement Agreement (Agreement) is entered into among the following:

- (1) the United States of America, acting through the United States Department of Justice and on behalf of the Office of Inspector General (OIG-HHS) of the Department of Health and Human Services (HHS);
- (2) the Texas Attorney General's Office ("OAG") and the Texas Health and Human Services Commission ("HHSC"), collectively referred to herein as "Texas";
- (3) Ray R. Fulp, III;
- (4) Dr. Raul Marquez, d.b.a Orthopedic Surgery Center and Sports Medicine, PA.
- (5) Cornerstone Regional Hospital, L.P.;
- (6) Cornerstone Hospital Management, L.L.C.;
- (7) Cornerstone Rehabilitation Hospital, L.L.P.; and
- (8) Cornerstone Rehabilitation Management, L.L.C.

(hereafter referred to as "the Parties"), through their authorized representatives.

In this Agreement: (1) Ray R. Fulp, III is referred to as either "Fulp" or "Relator;" and (2) Dr. Raul Marquez, Cornerstone Regional Hospital, L.P., Cornerstone Hospital Management, L.L.C., Cornerstone Rehabilitation Hospital, L.P., and Cornerstone Rehabilitation Management, L.L.C are collectively referred to as "Defendants."

### II. PREAMBLE

As a preamble to this Agreement, the Parties agree to the following:

A. Dr. Raul Marquez (Marquez) is an orthopedic surgeon licensed to practice medicine in the State of Texas. Marquez resides and works in Hidalgo County, Texas. Marquez practices medicine under the d.b.a. Orthopedic Surgery Center and Sports Medicine, PA.



Marquez has been licensed to practice medicine in Texas since 1992. Marquez has participated in the Medicare program (Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395hh) and the Medicaid program (Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396v) since 1995.

B. Cornerstone Regional Hospital is a 14 bed surgical hospital specializing in orthopedic surgeries located in Edinburg, Texas. Cornerstone Regional Hospital has been enrolled in the Medicare program since 1998. During the time period covered by both the United States' and the Relator's Complaints, Marquez held a controlling interest in Cornerstone Regional Hospital. Cornerstone Hospital Management is the general partner for Cornerstone Regional Hospital.

C. Cornerstone Rehabilitation Hospital is a 25 bed inpatient rehabilitation hospital specializing in physical therapy and rehabilitation for post surgical orthopedic patients. Cornerstone Rehabilitation Hospital has been enrolled in the Medicare program since mid 2000. During the time period covered by both the United States' and the Relator's Complaints, Marquez held a controlling interest in Cornerstone Rehabilitation Hospital. Cornerstone Rehabilitation Management is the general partner for Cornerstone Rehabilitation Hospital.

D. The Relator, Fulp, is an orthopedic surgeon licensed to practice medicine in the State of Texas. Fulp resides and works in Hidalgo County, Texas. Fulp worked for Marquez beginning in November, 2001, continuing for almost two years. Fulp treated patients at Orthopedic Surgery Center and Sports Medicine, PA. and performed surgeries at Cornerstone Regional Hospital.

E. Fulp filed this *qui tam* action on behalf of the United States on or about

November 8, 2004. In his lawsuit, Fulp alleges that Defendants submitted false claims to the United States under the Medicare and Medicaid programs. This lawsuit is captioned: *United States ex rel. Ray R. Fulp, III v. Dr. Raul Marquez, individually and d/b/a/ Orthopedic Surgery Center & Sports Medicine, PA; Cornerstone Regional Hospital, L.L.P.; Cornerstone Hospital Management, L.L.C.; Cornerstone Rehabilitation Hospital, L.L.P.; and Cornerstone Rehabilitation Management, L.L.C.*; No. M-04-386; and is pending in the United States District Court for the Southern District of Texas - McAllen Division. On September 5, 2006, the United States intervened in a portion of the claims made by Fulp.

F. The United States contends that Defendants made false claims and false statements to the United States in connection with reimbursement claims that Defendants submitted to the United States under the Medicare program and the Medicaid program.

G. Texas contends that Defendants made false claims and false statements to Texas in connection with reimbursement claims that Defendant submitted to Texas under the Medicaid program in violation of the Texas Medicaid Fraud Prevention Act, Tex. Hum. Res. Code Ann. § 36.001 *et seq.*

H. The United States and Texas seek treble damages and civil monetary penalties under the False Claims Act (31 U.S.C. §§ 3729 -3733) from Defendants for false claims and false statements that the United States alleges they made and / or caused to be made in connection with reimbursement claims that Defendants submitted to the United States and Texas under the Medicare and Medicaid programs. Alternatively, the United States and Texas seek damages from Defendants under the common law theories of fraud, payment by mistake of fact, and unjust enrichment, also based upon these allegations.

I. In its Complaint, the United States alleges that from January 1, 1999 through June 30, 2004, Marquez, doing business as the Orthopedic Surgery Center and Sports Medicine, PA “up coded” patient office visits for new, established, and consult patients. In its Complaint, the United States also alleges that from October 1, 1999 through September 30, 2002, Defendants Cornerstone Regional Hospital and Cornerstone Rehabilitation Hospital systematically violated Medicare’s acute care transfer policy by billing post surgical patients as though they had been discharged to home when in fact they had been discharged to an inpatient rehabilitation facility for continuing treatment. For the time periods stated, both the “up coding” allegations and the allegations pertaining to the violations of Medicare’s acute care transfer policy are hereinafter referred to in this settlement agreement as the “Covered Conduct.” The “Covered Conduct” excludes the investigation related to the prosecution of Martha Cepeda for making false statements and presenting fraudulent documents to the United States at the settlement conference held between the parties on October 14, 2005.

J. Defendants deny the contentions of the United States, Texas and the Relator set out above. The United States, Texas and the Relator are not making any concessions by entering into this Agreement and believe that their claims are well founded.

K. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, the Parties have reached a full and final settlement pursuant to the Terms and Conditions set forth below.

### III. TERMS AND CONDITIONS

1. Marquez, on behalf of himself and the other Defendants, agrees to pay to the

United States \$3,128,466.00 (the "Settlement Amount") of which the United States will pay to Texas \$146,478.00. Because Defendants have already paid to the United States \$412,258.00, Defendants will be credited with that amount and Marquez will only pay to the United States \$2,716,208.00 (the "Net Settlement Amount"). Marquez, on behalf of himself and the other Defendants, agrees to pay to Relator \$23,036.00 for Relator's expenses, and attorney's fees and costs. The foregoing payments shall be made as follows:

a. Marquez agrees to pay the Net Settlement Amount to the United States by electronic funds transfer pursuant to written instructions to be provided to Marquez by the Financial Litigation Unit of the United States Attorney's Office for the Southern District of Texas within five business days of the later date of (i) the Effective Date of this Agreement, or (ii) receipt of the payment instructions from the Financial Litigation Unit of the United States Attorney's Office for the Southern District of Texas.

b. Marquez agrees to pay \$ 23,036.00 to Relator by electronic funds transfer within five business days of the later date of (i) the Effective Date of this Agreement, or (ii) receipt of the payment instructions from Counsel for Relator. This amount covers Relator's expenses, attorney's fees and costs pursuant to 31 U.S.C. §3730(d).

2. Subject to the exceptions in Paragraph 7 below, in consideration of the obligations of Defendants in this Agreement, conditioned upon Marquez's full payment of the Settlement Amount, and subject to Paragraph 18 below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), the United States (on behalf of itself, its officers, agents, agencies, and departments) releases Defendants from any civil or administrative monetary claim the United States has or

may have for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or common law theories of payment by mistake, unjust enrichment, or fraud for the Covered Conduct.

3. Subject to the exceptions in Paragraph 7 below, in consideration of the obligations of Defendants in this Agreement, conditioned upon Marquez's full payment of the Settlement Amount, and subject to Paragraph 18 below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), Texas (on behalf of itself, its officers, agents, agencies, and departments) releases Defendants from any civil or administrative claim, monetary or otherwise, including, but not limited to, claims for suspension or revocation of Defendants' provider agreement, recovery of fees, expenses, or attorney's fees incurred by the Texas Attorney General or the HHSC in investigating the Civil Action, or other administrative remedies the State of Texas may have for the Covered Conduct under the Texas Medicaid Fraud Prevention Law, Tex. Hum. Res. Code Ann. § 36.001 *et seq.*; or common law theories of payment by mistake, unjust enrichment, or fraud for the Covered Conduct.

4. Subject to the exceptions in Paragraph 7, below, in consideration of the obligations of Defendants in this Agreement, conditioned upon Marquez's full payment of the ~~Net~~<sup>\*</sup> Settlement Amount, and subject to Paragraph 18, below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), Relator, for himself and for his heirs, successors, attorneys, agents, and assigns, agrees to release Defendants from any civil monetary claim the United States has or may have for

the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733.

5. In consideration of the obligations of Marquez in this Agreement and the Corporate Integrity Agreement (CIA), entered into between OIG-HHS and Marquez d/b/a Orthopedic Surgery Center & Sports Medicine, PA, conditioned upon Marquez's full payment of the Net Settlement Amount, and subject to Paragraph 18, below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), the OIG-HHS agrees to release and refrain from instituting, directing, or maintaining any administrative action seeking exclusion from Medicare, Medicaid, and other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) against Marquez under 42 U.S.C. § 1320a-7a (Civil Monetary Penalties Law) or 42 U.S.C. § 1320a-7(b)(7) (permissive exclusion for fraud, kickbacks, and other prohibited activities) for the Covered Conduct, except as reserved in Paragraph 7, below, and as reserved in this Paragraph. The OIG-HHS expressly reserves all rights to comply with any statutory obligations to exclude Marquez from Medicare, Medicaid, and other Federal health care programs under 42 U.S.C. § 1320a-7(a) (mandatory exclusion) based upon the Covered Conduct. Nothing in this Paragraph precludes the OIG-HHS from taking action against entities or persons, or for conduct and practices, for which claims have been reserved in Paragraph 7 below.

6. OIG-HHS expressly reserves all rights to institute, direct, or maintain and administrative action seeking exclusion against Cornerstone Regional Hospital, L.P., Cornerstone Hospital Management, L.L.C., and/or their officers, directors, and employees from Medicare, Medicaid, or other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)), under 42 U.S.C. § 1320a-7(a) (mandatory exclusion), or 42 U.S.C. § 1320a-7(b)

(permissive exclusion).

7. Notwithstanding any term of this Agreement, specifically reserved and excluded from the scope and terms of this Agreement as to any entity or person (including Defendants and Relator) are the following claims of the United States:

- a. Any civil, criminal, or administrative liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability, including mandatory exclusion from Federal health care programs;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon such obligations as are created by this Agreement;
- f. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services; and
- g. Any liability of individuals, including current or former directors, officers, employees, agents, or shareholders of Defendants, except to the extent expressly released under Paragraphs 2 and 3 above.

8. Relator and his heirs, successors, attorneys, agents, and assigns agree not to object to this Agreement and agree and confirm that this Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B). The United States and the Relator have not yet reached agreement as to the Relator's share of the Settlement Amount



pursuant to 31 U.S.C. § 3730(d). This issue either will be the subject of a separate agreement between the United States and the Relator or will be decided by the Court.

9. Conditioned upon receipt of the payment described in Paragraph 1b, Relator, for himself individually, and for his heirs, successors, attorneys, agents, and assigns, agrees to release Defendants, their officers, agents, and employees, from any liability to Relator arising from the filing of the Civil Action, or under 31 U.S.C. § 3730(d) for expenses or attorney's fees and costs.

10. Defendants waive and shall not assert any defenses Defendants may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action. Nothing in this paragraph or any other provision of this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

11. Defendants fully and finally release the Relator, the United States and Texas, their agencies, employees, servants, and agents from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that Defendants have asserted, could have asserted, or may assert in the future against the Relator, the United States or Texas, their agencies, employees, servants, and agents, related to the Covered Conduct and the United States' and Texas' investigation and prosecution thereof and Relator's participation thereof.

12. The Settlement Amount shall not be decreased as a result of the denial of claims

for payment now being withheld from payment by any Medicare carrier or intermediary or any state payer, related to the Covered Conduct; and Defendants agree not to resubmit to any Medicare carrier or intermediary or any state payer any previously denied claims related to the Covered Conduct, and agrees not to appeal any such denials of claims.

13. Defendants agree to the following:

a. Unallowable Costs Defined: that all costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47; and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. §§ 1395-1395ggg and 1396-1396v; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of Defendants, their present or former officers, directors, employees, shareholders, and agents in connection with the following shall be “unallowable costs” on government contracts and under the Medicare Program, Medicaid Program, TRICARE Program, and Federal Employees Health Benefits Program (FEHBP):

- (1) the matters covered by this Agreement;
- (2) the United States’ and Texas’ audit(s) and civil and any criminal investigation(s) of the matters covered by this Agreement;
- (3) Defendants’ investigation, defense, and corrective actions undertaken in response to the United States’ and Texas’ audit(s) and civil and any criminal investigation(s) in connection with the matters covered by this Agreement (including attorney’s fees);
- (4) the negotiation and performance of this Agreement;
- (5) the payment Defendants make to the United States pursuant to this

Agreement and any payments that Defendants may make to Relator, including costs and attorneys fees; and

(6) the negotiation of, and obligations undertaken pursuant to the CIA entered into between Marquez d/b/a/ the Orthopedic Surgery Center & Sports Medicine, PA and the OIG-HHS to:

(i) retain an independent review organization to perform annual reviews as described in CIA; and

(ii) prepare and submit reports to the OIG-HHS.

However, nothing in this Paragraph 13.a (6) that may apply to the obligations undertaken pursuant to the CIA affects the status of costs that are not allowable based on any other authority applicable to Marquez d/b/a/ the Orthopedic Surgery Center & Sports Medicine, PA. (All costs described or set forth in this Paragraph 13.a. are hereafter “unallowable costs.”)

b. Future Treatment of Unallowable Costs: These unallowable costs shall be separately determined and accounted for by Defendants and Defendants shall not charge such unallowable costs directly or indirectly to any contracts with the United States or any State Medicaid program, or seek payment for such unallowable costs through any cost report, cost statement, information statement, or payment request submitted by Defendants or any of their subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Defendants further agree that within 90 days of the Effective Date of this Agreement they shall identify to applicable Medicare and TRICARE fiscal intermediaries, carriers, and/or contractors, and Medicaid and FEHBP fiscal agents, any unallowable costs (as defined in this

Paragraph) included in payments previously sought from the United States, or any State Medicaid program, including, but not limited to, payments sought in any cost reports, cost statements, information reports, or payment requests already submitted by Defendants or any of their subsidiaries or affiliates, and shall request, and agree, that such cost reports, cost statements, information reports, or payment requests, even if already settled, be adjusted to account for the effect of the inclusion of the unallowable costs. Defendants agree that the United States, at a minimum, shall be entitled to recoup from Defendants any overpayment plus applicable interest and penalties as a result of the inclusion of such unallowable costs on previously-submitted cost reports, information reports, cost statements, or requests for payment.

Any payments due after the adjustments have been made shall be paid to the United States pursuant to the direction of the Department of Justice and/or the affected agencies. The United States and Texas reserve their rights to disagree with any calculations submitted by Defendants or any of their subsidiaries or affiliates on the effect of inclusion of unallowable costs (as defined in this Paragraph) on Defendants or any of their subsidiaries or affiliates' cost reports, cost statements, or information reports.

d. Nothing in this Agreement shall constitute a waiver of the rights of the United States or Texas to audit, examine, or re-examine Defendants' books and records to determine that no unallowable costs have been claimed in accordance with the provisions of this Paragraph.

14. Defendants agree to cooperate fully and truthfully with the United States' and/or Texas' investigation of individuals and entities not released in this Agreement related to the Covered Conduct. Upon reasonable notice, Defendants shall encourage, and agree not to impair,

the cooperation of their directors, officers, and employees, and shall use their best efforts to make available, and encourage the cooperation of former directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals.

Defendants agree to furnish to the United States and/or Texas complete and unredacted copies of all documents, reports, memoranda of interviews, and records in their possession, custody, or control concerning any investigation of the Covered Conduct that they have undertaken, or that has been performed by their counsel or other agent(s), and waives any rights or privileges that otherwise may apply to such production.

15. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity, except to the extent provided for in Paragraph 16 below.

16. Defendants agree that they waive and shall not seek payment for any of the health care billings covered by this Agreement from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third party payors based upon the claims defined as Covered Conduct.

17. Defendant Marquez warrants that he has reviewed his financial situation and that he is currently solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I), and that he shall remain solvent following payment of the Net Settlement Amount to the United States. Further, the Parties warrant that, in evaluating whether to execute this Agreement, they (a) have intended that the mutual promises, covenants, and obligations set forth constitute a contemporaneous exchange for new value given to Defendants, within the meaning of 11 U.S.C. § 547(c)(1); and (b) conclude that these mutual promises, covenants, and obligations do, in fact,

constitute such a contemporaneous exchange. Further, the Parties warrant that the mutual promises, covenants, and obligations set forth herein are intended to and do, in fact, represent a reasonably equivalent exchange of value that is not intended to hinder, delay, or defraud any entity to which Defendants were or became indebted to on or after the date of this transfer, within the meaning of 11 U.S.C. § 548(a)(1).

18. If within 91 days of the Effective Date of this Agreement or of any payment made under this Agreement, any Defendant commences, or a third party commences, any case, proceeding, or other action under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors (a) seeking to have any order for relief of that Defendant's debts, or seeking to adjudicate that Defendant as bankrupt or insolvent; or (b) seeking appointment of a receiver, trustee, custodian, or other similar official for that Defendant or for all or any substantial part of that Defendant's assets, that Defendant agrees as follows:

a. That Defendant's obligations under this Agreement may not be avoided pursuant to 11 U.S.C. § 547, and that Defendant shall not argue or otherwise take the position in any such case, proceeding, or action that: (i) Defendant's obligations under this Agreement may be avoided under 11 U.S.C. § 547; (ii) Defendant was insolvent at the time this Agreement was entered into, or became insolvent as a result of the payment made to the United States; or (iii) the mutual promises, covenants, and obligations set forth in this Agreement do not constitute a contemporaneous exchange for new value given to that Defendant.

b. If that Defendant's obligations under this Agreement are avoided for any reason, including, but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code, the United States, at its sole option, may rescind the releases in this

Agreement, and bring any civil and/or administrative claim, action, or proceeding against that Defendant for the claims that would otherwise be covered by the releases provided in Paragraphs 2, 4, and 5 above. Defendants agree that (i) any such claims, actions, or proceedings brought by the United States (including any proceedings to exclude that Defendant from participation in Medicare, Medicaid, or other Federal health care programs) are not subject to an “automatic stay” pursuant to 11 U.S.C. § 362(a) as a result of the action, case, or proceedings described in the first clause of this Paragraph, and that Defendants shall not argue or otherwise contend that the United States' claims, actions, or proceedings are subject to an automatic stay; (ii) Defendants shall not plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any such civil or administrative claims, actions, or proceeding that are brought by the United States within 30 calendar days of written notification to any Defendant that the releases have been rescinded pursuant to this Paragraph, except to the extent such defenses were available on November 8, 2004 and (iii) the United States has a valid claim against that Defendant collectively in the amount of \$4,692,999 excluding penalties and the United States may pursue its claim in the case, action, or proceeding referenced in the first clause of this Paragraph, as well as in any other case, action, or proceeding.

c. Defendants acknowledges that their agreements in this Paragraph are provided in exchange for valuable consideration provided in this Agreement.

19. In consideration of the obligations of Defendants in this Agreement and conditioned upon Defendant's full payment of the Net Settlement Amount, and subject to Paragraph 18 above (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), the HHSC agrees

to release and refrain from instituting, directing, or maintaining any administrative action against Defendant seeking exclusion from Medicaid under Chapter 32 of the Texas Human Resources Code and/or Chapter 531 of the Texas Government Code for the Covered Conduct, except as reserved in Paragraph 7, above, and as reserved in this Paragraph. The HHSC expressly reserves all rights to comply with any statutory obligations to exclude Defendant from Medicaid, under Chapter 32 and/or Chapter 36 of the Texas Human Resources Code and Chapter 531 of the Texas Government Code, based upon the Covered Conduct. Nothing in this Paragraph precludes the HHSC from taking action against entities or persons, or for conduct and practices, for which claims have been reserved in Paragraph 7 above.

20. Upon receipt of the payments described in Paragraph 1.a. and 1.b., above, the United States and Relator shall promptly sign and file in the Civil Action a Joint Motion of Dismissal with prejudice of the Civil Action pursuant to the terms of this Agreement.

21. Except as expressly provided to the contrary in this Agreement, each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

22. Defendants represent that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever.

23. This Agreement is governed by the laws of the United States. The Parties agree that the exclusive jurisdiction and venue for any dispute arising between and among the Parties under this Agreement is the United States District Court for the Southern District of Texas, except that disputes arising under the CIA shall be resolved exclusively under the dispute resolution provisions in the CIA.



24. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

25. The individuals signing this Agreement on behalf of each Defendant represents and warrant that they are authorized by that respective Defendant to execute this Agreement. The individual(s) signing this Agreement on behalf of Relator represent and warrant that he is authorized by Relator to execute this Agreement. The United States' signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement.

26. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

27. This Agreement is binding on Defendants, their successors, transferees, heirs, and assigns.

28. This Agreement is binding on Relator's successors, transferees, heirs, and assigns.

29. All parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

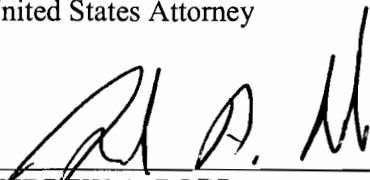
30. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

DONALD J. DeGABRIELLE, JR.  
United States Attorney

DATED: 8/30/07

BY: \_\_\_\_\_

  
ANDREW A. BOBB  
Assistant United States Attorney  
Southern District of Texas

THE UNITED STATES OF AMERICA

DATED: 6/19/07

BY: 

AMY EASTON

Trial Attorney

Civil Division

United States Department of Justice

THE UNITED STATES OF AMERICA

DATED: 6/28/97

BY: \_\_\_\_\_

GREGORY E. DEMSKE

Assistant Inspector General for Legal Affairs

Office of Counsel to the Inspector General

Office of Inspector General

United States Department of Health and Human Services

THE STATE OF TEXAS

GREG ABBOTT  
Texas Attorney General

DATED: 8/30/07 BY: *Patricia J. O'Connell*  
*Acting* ~~PATRICIA J. O'CONNELL~~ *Raymond C. Winter*  
Chief, Civil Medicaid Fraud Section  
Texas Attorney General's Office

DATED: 8-29-07 BY: *Albert Hawkins*  
ALBERT HAWKINS  
Commissioner  
Texas Health and Human Services Commission

THE DEFENDANTS

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

CYNTHIA CONTRERAS GUTIERREZ  
Law Office of Cynthia Contreras Gutierrez  
Attorney for Defendants Dr. Raul Marquez, individually  
and d/b/a Orthopedic Sports Medicine, P.A.; Cornerstone  
Rehabilitation Hospital, L.P.; and Cornerstone  
Rehabilitation Management L.L.C.

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

DR. RAUL MARQUEZ  
For: Dr. Raul Marquez, individually and d/b/a Orthopedic  
Sports Medicine, P.A.; Cornerstone Rehabilitation  
Hospital, L.P.; and Cornerstone Rehabilitation  
Management L.L.C.

DATED: 6/20/07

BY: 

DANIEL McCLURE  
Fulbright & Jaworski  
Attorney for Defendants Cornerstone Regional Hospital,  
L.P.; Cornerstone Hospital Management, L.L.C.

DATED: 6/20/07

BY: 

LINDA RESENDEZ  
CEO  
Cornerstone Regional Hospital, L.P.; Cornerstone Hospital  
Management, L.L.C.

THE DEFENDANTS

DATED: 6-18-07

BY:

  
CYNTHIA CONTRERAS GUTIERREZ

Law Office of Cynthia Contreras Gutierrez  
Attorney for Defendants Dr. Raul Marquez, individually  
and d/b/a Orthopedic Sports Medicine, P.A.; Cornerstone  
Rehabilitation Hospital, L.P.; and Cornerstone  
Rehabilitation Management L.L.C.

DATED: 6/18/07

BY:

  
DR. RAUL MARQUEZ

For: Dr. Raul Marquez, individually and d/b/a Orthopedic  
Sports Medicine, P.A.; Cornerstone Rehabilitation  
Hospital, L.P.; and Cornerstone Rehabilitation  
Management L.L.C.

DATED: \_\_\_\_\_

BY:

\_\_\_\_\_  
DANIEL McCLURE  
Fulbright & Jaworski  
Attorney for Defendants Cornerstone Regional Hospital,  
L.P.; Cornerstone Hospital Management, L.L.C.

DATED: \_\_\_\_\_

BY:

\_\_\_\_\_  
LINDA RESENDEZ  
CEO  
Cornerstone Regional Hospital, L.P.; Cornerstone Hospital  
Management, L.L.C.

THE RELATOR

DATED: 6-21-07 BY: Ray R. Fulp III \*  
RAY R. FULP, III  
Relator

DATED: 6/21/07 BY: Daniel G. Gurwitz \*  
DANIEL G. GURWITZ  
Atlas & Hall, L.L.P.  
Attorney for Relator